



NATIONAL DEFENSE UNIVERSITY

STRATEGIC FORUM

INSTITUTE FOR NATIONAL STRATEGIC STUDIES

20010927 099

Number 106, March 1997

Hong Kong and China

The Military and Political Implications of Reversion

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Conclusions

- Hong Kong reversion will have no significant impact upon the military balance in the Asia-Pacific region. Political and economic concerns far outweigh military considerations.
- The United States has only limited ability to affect the transition in Hong Kong. In order to be effective, Washington's actions should firmly focus on U.S. interests in Hong Kong. Although the Hong Kong transition bears directly on overall U.S. relations with China, it should not assume paramount importance in determining the tone of the bilateral relationship.
- Unilateral efforts by Washington will be counterproductive; U.S. policy should be closely coordinated with the large number of other nations having similar interests there.
- Owing to the nature of the transition, U.S. policy should be phased. During the first phase—from the 1 July transfer until elections for a new Legislative Council are held—a policy of watchful waiting should be adopted to allow Beijing to demonstrate its sincerity in fulfilling the terms of the Basic Law. Second phase policy should be based on consideration of how U.S. interests in protecting regional stability, Hong Kong's economic viability, freedom of the press, and the safety of U.S. citizens and investments are being affected.
- Hong Kong is economically self-sanctioning (that is, if China disrupts the status quo businesses will leave). Unless their lives are at risk, the people of Hong Kong and the international business community will probably sit out one crisis. It is unlikely, however, that they will be as passive if the situation deteriorates a second time. At the earliest sign of a subsequent disaster, whoever can probably will leave in whatever manner they have prepared. Such a course is not inevitable and clearly one the leaders in Hong Kong and Beijing will seek to avoid.

Introduction

On July 1, 1997 the British Crown Colony of Hong Kong will revert from British to Chinese rule and become a Special Autonomous Region (SAR) of the People's Republic of China. For the next year and more, the world will focus on the manner in which China handles the transition. The pressure will be squarely on China's shoulders to live up to the international agreements (the 1984 Joint Declaration and 1990 Basic Law) that provide the framework for the resumption of sovereignty over the territory governed by Britain for 150 years. Much is at stake for the Chinese leadership. How Beijing manages this responsibility will deeply influence the perceptions of other nations about how China will function as a major power.

Hong Kong Reversion: The Impact on China's Military Position

China has prepared a military force to move into Hong Kong on 1 July. At present, the Hong Kong Garrison has its headquarters just to the north of Hong Kong in Shenzhen. Elements of the army, navy, and air force will be stationed in the SAR after reversion, taking over locations historically used by British forces. The exact size of the garrison to be stationed in Hong Kong has not been disclosed, but is likely to total a few thousand troops of all services. Sub-elements of the garrison are expected to rotate into and out of the SAR from Shenzhen on a regular basis. The Chinese government has gone to great lengths to demonstrate that these troops are the best in the People's Liberation Army (PLA). They are receiving intensive training so that they understand their role in Hong Kong and maintain a professional demeanor. According to the Basic Law, Chinese military forces shall not interfere in local affairs. There has been no indication that the paramilitary People's Armed Police, the armed force primarily tasked with the internal security mission on the mainland, will be stationed as a security force in Hong Kong after reversion.

Reversion will not have any major impact on China's military position within the Asia Pacific region. Hong Kong's harbor and its military and air facilities will not greatly enhance the ability of the PLA to concentrate force in any of the areas of greatest concern to Beijing: the Taiwan Strait, the South China Sea, or along the border with Vietnam. Since 1949, the Chinese have constructed other facilities along China's southern coast which, along with supporting logistics grids, serve PLA needs quite well. Although Hong Kong bases would unquestionably help the PLA to extend its reach into the South China Sea, the additional capability would be marginal and not worth the material, and political, costs required to make the SAR into a significant military base.

Nor does China have any major incentive to use Hong Kong for military purposes. While Hong Kong has a highly developed civilian logistics infrastructure that could serve military needs, using such facilities for force projection purposes would put Hong Kong's economic life at risk. So too would any plan to tax Hong Kong economic activity, in an effort to support military modernization, be counterproductive and not in the spirit of the Joint Declaration and the Basic Law. For China, the value of Hong Kong lies in its economic and financial viability and its first priority will be to safeguard these. Beijing has little to gain militarily and much to lose economically by using military facilities in Hong Kong for any purpose other than to underscore the return to Chinese sovereignty.

Indeed it can be argued that Hong Kong presents China with something of a military liability: the PLA must defend a territory that is, as history shows, extremely difficult to defend. Arguments, by zealous PLA force builders, that defense needs justify new facilities in Hong Kong are likely to be dismissed. The PLA must consider far more pressing priorities than the defense of Hong Kong in its quest for military modernization.

Hong Kong Reversion: The Impact on the U.S. Military Position

Major questions about the future, for the United States, are concerned with the post-reversion status of the United States Consulate General and its associated United States Defense Liaison Office (USDLO) and whether or not the United States Navy will have continued access to Hong Kong. Both of these questions are now under negotiation. However, even if U.S. naval forces were to lose access to Hong Kong and even if the USDLO (the U.S. Consulate General is certain to remain in some form) were to be

closed, the consequences for Washington would not be grave.

For Washington, naval access to Hong Kong always has been viewed as a matter of preference and convenience rather than as a matter of operational necessity. Currently an average of approximately 65 ships visit the port each year. U.S. servicemen and women are estimated to add about \$50 million to the Hong Kong economy, a relatively insignificant sum by Hong Kong standards.

The loss of access to Hong Kong would produce some inconvenience as naval vessels would have to call at other ports. This, in turn, would require an increase in the number of port calls at other locations in the region, such as Singapore, Australia, the Philippines, and Thailand. Beijing might well choose to view expanded access to these ports as additional evidence of United States containment intentions and try to dissuade the relevant governments from meeting Washington's requests. Even so, although this would produce temporary delays and necessitate some adjustments, it would not affect the ability of the U.S. Navy to operate effectively within the region.

On the other hand, even if the USDLO remains open, the United States military effort in Hong Kong is bound to suffer some degradation. Although its importance has declined in recent years as the mainland has opened to the world, Hong Kong remains a useful window into southern China. The relationship between the U.S. and Chinese governments will not be as open and efficient as the traditionally close working relationship between the United States and Great Britain. For example, the change in the Consulate General's relationship with the existing Hong Kong government and new SAR government probably will increase the difficulty of tracking the flow of military and dual-use technologies into and out of the region. Irrespective of whether the USDLO remains or not, some adjustments will be required.

One additional factor deserves mention. It is possible that Hong Kong could suffer a breakdown in social order as a result of public dissatisfaction with Beijing's policies and/or the actions of the SAR government. The Basic Law allows that the SAR government may call on the central government to assist in the maintenance of public order. If the Hong Kong Police Force is either unable or unwilling to restore order, the PLA Hong Kong Garrison might eventually be called into play. If this were to occur in a manner reminiscent of PLA intervention in the demonstrations at Tiananmen Square in June, 1989, the question of evacuating U.S. nationals might arise. A Non-Combatant Evacuation Operation (NEO) would require a high degree of coordination between the United States and other concerned nations and would be dependent on the cooperation of the Chinese government. Such an event would result in a major regional crisis for not only the United States, but for all nations with citizens and businesses in Hong Kong. China would be faced with a dilemma of significant domestic and international political proportions.

The Political Impact: The Stakes for China

In order for Hong Kong to remain prosperous, it is in China's best interest to insure that the transition goes smoothly. However, the specter of Tiananmen continues to haunt developments in Hong Kong. In that regard, the political aspect of reversion presents the biggest problem to Beijing. Accordingly, especially for the United States, any adverse political repercussions will have an immediate and destabilizing effect on military relationships. Indeed, many observers judge that Beijing has already mishandled the transition.

China's reaction to the political reforms implemented by Governor Chris Patten in the past five years has caused doubt about Beijing's sincerity in maintaining the Hong Kong social system, even though it can

be argued that some of Patten's democratic reforms exceed the spirit of the "Hong Kong system" that was agreed to in the 1984 Joint Declaration.

The Joint Declaration and the Basic Law allow for Hong Kong to retain a high degree of political and administrative autonomy as well as its capitalist and social system for 50 years. Hong Kong's economic success has been dependent on the predictability that results from the rule of law along with the many freedoms common throughout the developed world—freedom of movement, speech, assembly, press, etc. In general, these freedoms are preserved in the Basic Law, but many of the details remain to be defined specifically. Beijing's intentions are suspect because of their assertion that some laws relating to civil liberties, such as the Bill of Rights, will be repealed.

The case of the 60-member Legislative Council (Legco), elected for the first time by a popular vote in 1995, is another example of the difference in the Chinese and British (and most of the rest of the world's) perspectives on the transition. China has consistently voiced disapproval of the newly elected body and has vowed to replace it with a Provisional Legislature selected by a committee vetted in Beijing. Some sitting Legco members will not be a part of the Provisional Legislature because of their political affiliations and public opposition to Beijing's policies. Even though Beijing has promised to hold elections for a new Legco about a year after reversion, China has raised the ire of many observers by its unyielding approach. By rejecting compromise and more nuanced resolutions to the situation, Beijing has created doubt instead of engendering confidence.

Time will tell whether the first SAR Chief Executive, business magnate Tung Chee-hwa, will be allowed to stand on his own and represent the best interests of the people of Hong Kong, sometimes in opposition to Beijing. Mr. Tung was selected by the same committee that selected the Provisional Legislature as a man who has proven he could manage Hong Kong's affairs while maintaining a proper relationship with the Chinese leadership. Mr. Tung has already made an effort to hear the political voices in Hong Kong that oppose many of Beijing's policies. How well he manages his own administration and allows dissent to exist in the SAR will be pivotal in the success of the transition.

Especially in this current period of leadership transition in Beijing, the problem of Hong Kong has been a much debated topic. Prior to Deng's death, there were disagreements among senior leaders on the manner in which the transition should be handled and the relative weight that should be afforded to political versus economic developments in the SAR. It is likely that differences will be even more pronounced in the immediate future.

The View from Taiwan

Taiwan has been watching closely as events unfold in Hong Kong. Reversion has already complicated cross-strait relations. For obvious reasons, Taiwan would prefer to see Hong Kong maintain a stable financial and commercial environment. However, the political questions outlined above have caused some in Taiwan to conclude that China does not really believe in the one country, two systems formula. Taiwan will use China's record of success or failure in Hong Kong as leverage if and when Beijing and Taipei renew their dialogue. The more problems that arise in Beijing's handling of the Hong Kong transition, the more bargaining chips accrue to Taipei. In that regard, Taiwan would probably like to see a transition that is troubled, but not so troubled as to produce major instability, either in the SAR or in the region.

Constraints on Chinese Behavior

Therefore, Taiwan is one factor that constrains China's management of the Hong Kong transition. As implied earlier, world opinion, driven by the engine of the international media, is another. Because of Hong Kong's history as an international media hub, any action by Beijing which impinges on freedom of the press will receive instant international attention. China will not be able to apply the same pressure tactics, often out of sight of the press, as it does on the mainland. No matter what it does, China must be prepared for controversy.

Bad news travels fast and it will reach the millions of overseas Chinese faster than most. The Chinese Diaspora (expatriates) are a major source of funds for development on the mainland. Many of the Diaspora also have connections in Hong Kong. A poor Chinese performance in Hong Kong may cause Chinese expatriates to lose faith in the liberalization many hope for on the mainland.

Similarly, Hong Kong is economically "self-sanctioning." International firms that remain in the SAR after reversion will simply leave Hong Kong if they find they cannot continue to operate efficiently. Many companies have already made preparations for such an event should the need arise. Although many corporations would be reluctant to do so, their ability to take their business elsewhere adds another constraint on Beijing.

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INTERNET DOCUMENT INFORMATION FORM

A . Report Title: Hong Kong and China: The Military and Political Implications of Reversion

B. DATE Report Downloaded From the Internet: 09/26/01

C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #): National Defense University Press
Institute for National Strategic Studies
Washington, DC 20001

D. Currently Applicable Classification Level: Unclassified

E. Distribution Statement A: Approved for Public Release

F. The foregoing information was compiled and provided by:
DTIC-OCA, Initials: __VM__ **Preparation Date** 09/26/01

The foregoing information should exactly correspond to the Title, Report Number, and the Date on the accompanying report document. If there are mismatches, or other questions, contact the above OCA Representative for resolution.